



Circular

Circular No. 00-03 (CR)

27 March 2000

Using Debt Collection Companies (2)

In March 1999, the Authority issued a Circular (No. 99-03 (CR)) urging practitioners to try other lawful means, including legal proceedings, when collecting outstanding payments from clients. However, when a practitioner resorts to instructing a debt collection company, the practitioner should enter into a written agreement with the debt collection company which stipulates, among other terms, that, in executing its duties, the company must not use intimidation or violence, whether verbal or physical, against any person. The company must not harass the debtor or humiliate him/her publicly. It must not appropriate or damage the debtor's properties.

The Authority is still in receipt of many complaints from the public about the use of debt collection companies by estate agents. In some instances, debt collection companies are already taking action when commission is still in dispute. In other cases, the debt collection companies use harassing or intimidating tactics against the complainants or their families. Such tactics include the issuing or posting of anonymous demand notes containing threatening words or graphics.

When the payment of commission is in dispute, estate agency firms are advised to try other lawful means of resolving the issue, such as obtaining a court judgment. When entering into a written agreement with a debt collection company in accordance with Circular No. 99-03 (CR), an estate agency firm should stipulate that any demand notes issued by the debt collection company must contain the name and address of the debt collection company, as well as those of the estate agency firm.

The Authority will continue to monitor the use of debt collection companies by estate agents and, if necessary, consider introducing further regulatory measures.

This Circular should be made available for the
information of all staff engaged in estate agency work